PROJECT OVERSIGHT REPORT

MMIS HIPAA Remediation   **Report as of Date:**
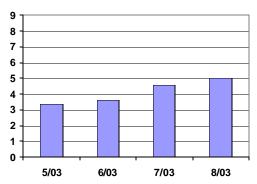**Department of Social and Health Services**   August 2003

Project Director: Heidi Robbins-Brown   **MOSTD Staff:** Tom Parma
Executive Sponsor: Doug Porter

Severity/Risk Rating: High (high severity, high risk)   **Oversight:** Level 3 – ISB

Overall Project Risk Assessments

Staff Recommendations: Oversight staff has no recommendations at this time.

Issues/Risks: The following issues pertain to Releases 1 & 2:

- Schedule:
  - Release 1: The implementation of Release 1 (Health Insurance Portability and Accountability Act (HIPAA) Compliant Pharmacy Point of Sale System (POS)) has been postponed from April to October 1st. The vendor, Affiliated Computer Services (ACS), determined the risk was too great for implementing a new system by the original implementation date and has proposed implementation of a remediation solution. DSHS staff and the QA consultant are reviewing the contingency proposal plans and documentation to assess viability of the plan to meet the HIPAA implementation deadline of October 16, 2003. The POS solution originally proposed will be implemented at a later date. The Department of Social & Health Services (DSHS) is considering whether assessment of damages against ACS for changing the implementation strategy and date is in order.

    The later implementation of the proposed POS will push the overall project implementation schedule out past the January 2004 date.

  - Release 2: Testing is approximately one month behind schedule due to the comprehensive nature and complexity of the testing imposed by the federal Centers for Medicare and Medicaid Services (CMS). DSHS is making progress in getting back on schedule. CMS is requiring DSHS to coordinate testing to the providers' clearinghouses. However, CMS does not require that the clearinghouses comply.

- Budget/Cost: No issues/risks.

- Scope: No issues/risks.

- Resources: No issues/risks.

- Project Management/Processes: As with most states across the nation, the Medical Assistance Administration's Medicaid Management Information System (MMIS) HIPAA project will have difficulty addressing each and every feature of the HIPAA standard transactions by October 16, 2003 and be synchronized with the provider community. The HIPAA project has planned and implemented several core strategies intended to meet the dual goals of achieving HIPAA compliance while maintaining continuity of payment to providers. These strategies include:

  - a dual support model which will allow both new and old transaction types to be processed;
  - a detailed contingency that addresses the likely outcomes relating to all potential partner readiness; and,
  - a comprehensive testing plan focusing on end to end readiness

  Contract issues have also resulted in two corrective action plan requests to ACS that address schedule and planning problems.

- Other: No issues/risks.

Status: The project has been broken into three separate releases (phases):

- **Release 1**: Release 1 will be the Implementation of the HIPAA compliant solution for the pharmacy portion of the MMIS (called "Point of Sale" or POS). The POS system handles over 60% of the Medicaid claims volume.
- **Release 2**: Release 2 will allow MMIS to accept HIPAA compliant claims submissions for the non-pharmacy claims and to continue payment of managed care premiums.
- **Release 3**: Release 3 will address implementation of all "ancillary" HIPAA requirements (such as, but not limited to, prior authorizations).

Major project milestones and status are listed below. The competitively bid and awarded Middleware and Web Front-End work is being finalized as part of the contract negotiation process and the dates shown are subject to change based on the signed contract.

Milestone	*Estimated Schedule / Description*	*Status*
Federal Advanced Planning Document (APD)	Approved June 2002	Started and completed on time & budget
External Quality Assurance Consultant Contract Awarded/Approved	Awarded June 2002	Started on time Ongoing
MMIS Remediation	November 2002 – November 2003 Includes design and development	Started on time On schedule & budget

Milestone	Estimated Schedule / Description	Status
Front-End/Middleware RFP	Released November 2002	Started and completed on time & budget
Middleware/Web Front-End Contract	Submitted to CMS for approval in May 2003 Contract has been negotiated and signed by vendor. Waiting for approval from CMS	Started on time On schedule & budget
HIPAA Transactions POS Solution Release 1	March 2003 – April 2003 Includes system and user acceptance testing	Started on time **Rescheduled to October 1st**
HIPAA Transactions Solution Release 2	April 2003 – August 2003 Includes system and user acceptance testing	Started on time **1 month behind schedule**
HIPAA Transactions Solution Release 3	November 2003 - January 2004 Includes system and user acceptance testing	

- Life Cycle Stage: MMIS remediation is in the testing phase. Web front-end and middleware are in the development and testing phase. There are two system components to the project:

Component	Life Cycle Stage
Web Front-End and Middleware	Contract negotiations are complete and are awaiting CMS approval. Work is still progressing since other ACS customers are relying on the contracted solution. Development is under way with system testing occurring for the release 2 transactions.
Medicaid Management Information System (MMIS)	Development and system testing have been completed. Currently in user acceptance testing.

- Budget: The project is currently on budget. These contracts are fixed-price, deliverables based.

- Schedule: The strategy change for Release 1 will cause the overall project implementation date to extend past January 2004 as originally scheduled.

Background Information

Description: DSHS MAA is implementing the federal HIPAA. Specifically, MAA is performing remediation to its legacy MMIS and provider front-end to comply with Rule #1 of HIPAA, "Administrative Simplification."

HIPAA is intended to increase the efficiency of processing of health care transactions, thereby reducing the cost of health care for both public and private sector organizations. Benefits should accrue to health care providers before they accrue to health plans such as Medicaid.

Rule #1 of HIPAA established mandatory standards, formats, and code sets for those health plans and health care providers who conduct business through the exchange of electronic transactions. The electronic transactions covered by the HIPAA mandate include claims submission and payment, health plan enrollment and disenrollment, premium payments for health plan participation, eligibility verification, referral request and authorization, and claim status inquiry and response. To receive and generate these standardized electronic transactions, MMIS requires critical modifications and enhancements by the mandated compliance date of October 16, 2003.

DSHS appeared at the April 10th, 2002 ISB meeting and received Board approval to amend the current contract with ACS, formerly Consultec, to modify MMIS to support HIPAA and release an RFP to acquire services for the installation/purchase of translation middleware and the development of a web portal front end.

Technology: MMIS is a legacy system developed in the 1970s by Consultec. It is comprised of over 1,400 programs and 3,000,000 lines of COBOL code. Although developed by ACS, DSHS owns the MMIS source code. ACS performs operation and maintenance of the system under a "facilities manager" contract with the department.

To achieve HIPAA compliance, the department must:
- (1) create a web front-end (Internet portal) for submission of claims and other electronic transactions acquire
- (2) implement middleware/translation functionality and
- (3) make changes to the legacy MMIS application.

The project has adopted a minimalist approach; that is, the plan is to make minimal modifications to MMIS and implement as much of the HIPAA requirements as possible via Internet portal (front end) and translator (middleware) software.

To address risk, the project staff and business units have prioritized all significant project requirements. Included in the approach are commercial off-the-shelf (COTS) software products, where appropriate, such as the middleware translator that will utilize the nationally accepted "Mercator Translator" software for processing all HIPAA-mandated formats and code sets.

Budget: The budget for this project is $14,918,430 with 90% coming from federal financial participation. Both development activities are fixed price contracts. The cost breakdown is as follows:

Description	Deliverable	Cost Breakdown	Percent of Total
ACS Programming	MMIS Changes	$8,067,000	54%
Middleware & Front-End	Translation Software for Transaction	$4,055,000	27%
State Staff	Testing and Interface Work	$1,426,000	10%
Quality Assurance	Independent Reviews and Reports	$450,000	3%
Contingency	Unanticipated System Requirements	$920,430	6%
	Federal Matching Funds	**$13,426,587**	**90%**
	State Participation	**$1,491,843**	**10%**
	TOTAL	**$14,918,430**	**100%**